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MINUTES

OF THE

CIA CAREER SERVICE BOARD

31st Meeting, Thursday, 13 May 1954, at 4:00 P.M.
DCI Conference Room, Administration Building

Present: Messrs. Lyman B. Kirkpatrick, Inspector General, Chairman
Matthew Baird, Director of Training, Member
[REDACTED] Deputy Chief, PP, Member
[REDACTED] Alternate for DD/P, Member
[REDACTED] DAD/O, Member

[REDACTED] AD/Communications, Member
Harrison G. Reynolds, AD for Personnel, Member
L. K. White, A-DD/A, Member

[REDACTED] SA/SS/I, Alternate for DD/I, Member
[REDACTED] Assistant to the Inspector General, Guest
[REDACTED] Chief, Administrative Staff, DD/P, Guest
Guests - Members of Special Task Force on Evaluation:

[REDACTED] Executive Secretary
[REDACTED] Secretariat
[REDACTED] Reporter

1. The Board approved the minutes of the 30th meeting held 6 May 1954 without change.

2. The Board then turned to the proposed Fitness Report which had been revised by the Task Force on Evaluation as an alternative to the previously proposed Career Selection Report. The Chairman invited comments from the Board regarding the form. There was considerable discussion with regard to whether or not the form should be shown to the employee being rated, with comparisons being made to the military system of evaluation. The Task Force which had worked on the form had recommended that the form not be shown to the employee. Members of the Task Force gave their opinions regarding this particular aspect of the form and [REDACTED] of the Assessment & Evaluation Staff of the Office of Training was asked to sum up the feelings of the Task Force regarding this problem and to advise the Board on some of the technical and psychological problems involved. The Board finally decided that it would

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be made optional whether or not the form would be shown by the supervisor to the employee who was being rated. It also directed that specific minor editorial changes be made. It was determined that the content of the Fitness Report was adaptable to coding for machine records and punching on IBM cards and that the Report was also susceptible to scoring so that a numerical or adjectival rating could be arrived at, should this be desirable. This could only be done, however, after a lengthy process of validation had been completed. The Board accepted the form and tendered its thanks to the Task Force for its efforts. Memorandum, dated 17 May 1954, from [REDACTED] entitled "Performance Evaluation" is attached in accordance with the request contained in paragraph 10 of that memorandum.

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3. The Board then turned to consideration of the revised staff study and Notice "Career Development of Junior Personnel", dated 4 May 1954. There was some discussion during which the matter of application by overseas personnel came up, and it was decided that they could apply but could not be accepted until their normal tour of duty was completed and they could appear before the Committee for Career Development of Junior Personnel. The Board approved the Notice attached to the staff study with minor corrections.

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4. The Board then considered a request for a Career Development Position for [REDACTED] from the Office of Training. The request was approved for the period from May 1954 through June 1956.

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5. There was detailed discussion on the reorganization of the present CIA Career Service Board structure, the proposed CIA Career Council and, in particular, the timing of the transition from the one to the other. This discussion also involved the state of the policy decisions necessary to implement the proposal for the orientation of all senior supervisors, planned for 15 June in the Department of Agriculture Auditorium. Several proposals for the resolution of the problems involved were made. On motion by Colonel White, as amended by [REDACTED] the Board agreed that Mr. Kirkpatrick and Mr. Reynolds would seek a conference with the Director, at his earliest convenience, to discuss the question of the timing of the transition.

6. The Chairman announced that he was, acting as an individual and as the personal appointee of the Director, submitting to the Director his resignation as Chairman of the CIA Career Service Board.

7. The meeting adjourned at 5:30 p.m. to meet next at the call of the Chairman.

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[REDACTED]
Executive Secretary

Attachment

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32nd Meeting, Thursday, 3 June 1954, at 4:00 P.M.
DCI Conference Room, Administration Building

Present: General Charles P. Cabell, DDCI
Lyman B. Kirkpatrick, Inspector General, Chairman
Robert Amory, Jr., DD/I, Member
Matthew Baird, Director of Training, Member
25X1A [REDACTED] Deputy Chief, PP, Member
[REDACTED] Alternate for DD/P, Member
[REDACTED] DAD/O, Member
[REDACTED] AD/Communications, Member
Harrison G. Reynolds, AD for Personnel, Member
L. K. White, DD/A, Member
25X1A George E. Meloon, DAD for Personnel, Guest
[REDACTED] Chief, Administrative Staff, DD/P, Guest
[REDACTED] Deputy General Counsel, Guest
[REDACTED] SA/SS/I, Guest
[REDACTED] Executive Secretary
[REDACTED] Secretariat
[REDACTED] Reporter

1. The Board tabled the minutes of the 31st meeting, held 13 May, for later consideration.

2. Seven Career Development Positions were approved as follows:

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<u>Name</u>	<u>Office</u>	<u>Duration</u>
[REDACTED]	FE	Until 30 June 1955
[REDACTED]	EE	Until 30 June 1955
[REDACTED]	CO	Until 30 June 1955
[REDACTED]	OTR	Until 30 June 1956
[REDACTED]	ORR	Until 31 August 1955
[REDACTED]	DD/A	Until 30 June 1956
[REDACTED]	NEA	Until 30 March 1956

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Date: 17

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S-E-C-R-E-T

3. The Board considered again the proposed Regulation No. [REDACTED] "The Career Staff of the Central Intelligence Agency", which had also been on the agenda of the previous meeting. General Cabell discussed with the Board the very important policy matters which were involved and took part in the revisions of language which the Board agreed were to be made. The Board asked that these revisions be incorporated in a new draft and be presented to it for final approval at the next meeting.

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4. The Board agreed to consider the other items on the agenda at the next meeting and also agreed to consider the final recommendations of the Insurance Task Force with respect to life insurance.

5. The Board adjourned at 5:40 P.M. to meet Thursday, 10 June 1954, at 4:00 P.M.

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[REDACTED]
Executive Secretary

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SEAL

APPLICATION FOR MEMBERSHIP
in the CAREER STAFF of the
CENTRAL INTELLIGENCE AGENCY

To the Director of Central Intelligence

Sir:

I submit herewith my application for membership in the Career Staff of the Central Intelligence Agency as defined below:

"The Career Staff of the Central Intelligence Agency is a group of carefully selected and trained individuals who accept an obligation to devote themselves to the needs of the Agency, and who intend to make a career with the Agency."

In accordance with this definition, I desire to devote myself to the faithful performance of duty in the Central Intelligence Agency, and I accept the obligations and conditions of that service which are determined to be essential to the furtherance of its mission.

I am aware of the many restrictions necessarily placed upon me by virtue of the security requirements inherent in my employment by the Central Intelligence Agency. I am also aware that as a member of the Career Staff, it will be my obligation to serve anywhere and at any time and for any kind of duty as determined by the needs of the Agency, and I have been assured that in order to carry out this policy, full consideration will be given to my particular capabilities, interests, and personal circumstances. By virtue of this application for membership and upon my acceptance in the Career Staff, I am assured that, with continuing satisfactory work performance and conduct on my part, just and equitable attention will be accorded my personal progress during my tenure in the Career Staff. I am also assured that, on my satisfactory completion of any assignments, I will be offered reassignments which are compatible insofar as possible with my abilities and career interests, and that I shall be entitled to the benefits now available or to be made available in the future to members of the Career Staff of the Central Intelligence Agency.

Membership in the Career Staff of
the Central Intelligence Agency
approved, to take effect _____

(Signature)

(Date)

FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

Executive Director
The CIA Selection Board

7 June 1954

INSURANCE TASK FORCE
of the
CIA CAREER SERVICE BOARD

1. Due to the complex nature of the subject matter and the multiplicity of detail involved, the Insurance Task Force is presenting its report in two principal sections, i.e.,

Part I - Studies, conclusions and recommendations as to death,

Part II - Studies, conclusions and recommendations as to disability.

2. On 8 April 1954, at the 26th meeting of the CIA Career Service Board, the Task Force presented Part I - studies, conclusions and interim recommendations as to death. The Board accepted the recommendations and instructed the Task Force to carry out the four additional steps recommended before a final decision would be made. (These steps are shown in (1) through (4) at the top of page 1, following).
3. The attached FINAL RECOMMENDATIONS, paragraph 6 of Part I, are composed of the following:

	<u>Page</u>
Introduction and supplementary facts	1 - 2
Comparison of the proposed Omaha plan with the present WAEPA plan	3 - 8
Recommendations	9
Copy of letter to WAEPA requesting modification of the WAEPA contract to conform to the specifications of the Omaha plan	10
Summary of Conversation with WAEPA re above request	11 - 12
Summary of financial statements of WAEPA, 1944 through 1953	13

[Note: The FINAL RECOMMENDATIONS of the Task Force are distributed only to members of the CIA Career Service Board at this time.]

S-E-C-R-E-T

6. (Continued) FINAL RECOMMENDATIONS, as to death.

a. In its interim recommendations, immediately preceding here, the TASK FORCE proposed, in essence, to:

- (1) Secure term life coverage on a better basis than now offered by WAEPA.
- (2) Ask United Benefit Life Insurance Company of Omaha, Nebraska to make a firm offer on a better plan.
- (3) Ask WAEPA to bid on it.
- (4) Ask the [REDACTED] to assess these two bids as such, and as against self-insurance.

b. Omaha has now put forward a firm offer on a better plan than WAEPA. The principal features of this plan are shown in comparison with WAEPA attached next hereto.*1 (Omaha observed to us that had they underwritten the WAEPA Plan last year, we would have received dividends of about \$135,000 for that year.)

c. WAEPA has several times advised Mr. [REDACTED] (Task Force member, ESD, Personnel) that the terms of their existing contract with us are not alterable. (See text of their last statement attached) STATINTL

d. The [REDACTED] has submitted verbal and written discussions of pros and cons. They lean to more research and the securing of other commercial bids, but do cautiously conclude that the Omaha offer seems better than WAEPA. [REDACTED] will not recommend a particular insurance company at any time. The Task Force concludes not to get more bids for obvious security reasons plus the excellent working arrangements existing for six years with Omaha in the hospitalization field. STATINTL

- (1) On the basis of its own studies taken together with the [REDACTED] discussions and an ideal security arrangement, the Task Force concludes that in respect to potential commercial coverage, the Agency deal only with Omaha.

*1 This plan was worked out by the Task Force with the Local Omaha Agency (the [REDACTED]) and A. W. Randall, head of Omaha's Group life department.

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(2) As to self-insurance, the [REDACTED] has this to say:

STATINTL

"While we feel that self-insurance might be feasible, a very considerable amount of research would have to be done in order to satisfy ourselves (and you) that it is the preferable course to take in this instance. The unusual nature of the coverage, the potentiality of catastrophic loss, the facilities for claim administration, the legal aspects in establishing a self-insured system (questions relating to possible conflict with state insurance laws, development of a "contract" or vehicle through which the benefits would be offered, etc.), the actuarial considerations (fixing a proper rate of contribution, handling of refunds to participants, establishment of contingency funds and reserves) all require careful study. We will, of course, be glad to carry out the parts of such a study as fall within the actuarial and insurance fields. However, we believe that heretofore the merits and shortcomings of self-insurance have been broadly discussed in our meetings, and we hesitate to embark on an exhaustive survey along these lines unless very serious consideration is being given to the self-insured route."

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1. The Proposed Task Force Plan underwritten by United Benefit Life Insurance Co. of Omaha, Neb. compared with
WAEPA

Features

(1) Term Life coverage:

Omaha

Schedule of Benefits

Class 1, \$3000
Class 2, \$6000
Class 3, \$9000
Class 4, \$12000
Class 5, \$15000

WAEPA

Schedule of Benefits

\$6000 if salary less than \$3200.
\$12000 if salary \$3200 or over.

- a. The minimum benefit for which a member is eligible may not be less than selection of class coverage nearest his annual base wage.
- b. However instead of the above, under this plan, the member earning \$3200 or less annually, may select Class 2 benefits, and the member earning \$3201 annually, or more, may select up to and inclusive of Class 5 benefits, each on the occasion of his initial entry into the plan, and with minimum retention requirement of one year.
- c. Members initially selecting insurance benefits on the basis of the class coverage nearest the individual's annual base wage are eligible to advance to the next highest class if an upward change in the employment grade alters the eligibility in accordance with (a) above, or by medical examination at any time, to any class, above that presently held.

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- (2) Benefit Eligibility: initially a. The class nearest member's Base Wage
or b. Salary up to and including \$3200, class 2
Salary over \$3200, any class above Base
Wage with minimum retention 1 year.
Subsequently a. By salary advance-to nearest qualifying
class.
b. By Medical exam.
Salary up to and including \$3200, class 2
Salary over \$3200, any class above Base
Wage.

(See above)

Person Eligibility:

Across the board as Agency desires, up
to 60 years of age with termination at
65 years. No implication as to over-
seas service.

Any U.S. citizen member of the
Agency paid directly or indirectly
in whole or in part from appro-
priated funds, who "may go over-
seas at some future time". (im-
plication is against anyone who is
likely not to go overseas) - up to
60 years of age with expiration at
age 65.

(3) Accidental death coverage:

i.e., straight double indemnity, i.e. double the face-amount of
the member's policy. If a member wants more accidental death
coverage than double the face-amount of his policy, he can secure
such additional accidental death coverage by raising the face
amount through medical examination as shown immediately above

Annual Salary	Benefit
less than 3200	- \$7500
3200 and over	- \$15000

Exclusion in term feature:

None.

None.

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- 5) Exclusion in Accidental Death feature: same as WAEPA except "(5)" to read as follows: "Any injury sustained while in or on any vehicle or device for aerial navigation except as a passenger."
- "(5) any injury sustained while in or on any vehicle or device for aerial navigation, except as a passenger in an aircraft operated by an established concern organized to operate an airplane service and licensed for the carriage of passengers by the recognized governmental authority of the country whose registry it bears, including aircraft operated by military air transport services of such country, or countries."
- 6) Conversion privilege: to any form of Life ins. issued by Omaha (except term) at the age going rate - within 31 days of termination.
- Same except by Equitable
- 7) Premium waiver: in event of total and permanent disability, prior to age 60.
- None
- 8) Payment of benefits: as desired by the Agency in respect to cut-out or other security aspects.
- to named beneficiary
- 9) Dividends: (Annually) "The difference between the total policy premiums and the sum of the Company retention, the incurred claims, conversion cost and contingency reserve shall be returned in the form of a cash refund to the master policyholder, or applied as a credit on the premium payments as directed by the master policyholder at the end of each contract year."
- None guaranteed. Have received small increase in term coverage (\$2000) and the whole accidental death feature since inception (\$15000). That's all.
- retention: 12.2% of premiums
conversion charge: \$60.00 per \$1,000 of face amount
contingency reserve for the Agency: 5% of gross premiums (to be retained by the master policyholder against poor experience.)

CIA INTERNAL USE ONLY10) Premium cost comparison, monthly. (The example uses WAEPA face amounts)OmahaWAEPA

				Accidental						Accidental				
				Term	Death	Total	Age	Term	Death	Cost	Monthly			
a. Premium costs per month per \$1000. of coverage on basis of flat-level premium of \$.53 for term and \$.08 for Accidental death.				3.18	.60	3.78	up to 40 incl.	a. \$6000	\$ 7500	\$ 4.17	- .39			
				6.36	1.20	7.56		b. 12000	15000	8.33	- .77			
				3.18	.60	3.78	41-50 incl.	a. 6000	7500	5.21	-1.43			
				6.36	1.20	7.56		b. 12000	15000	10.42	-2.86			
				3.18	.60	3.78	51-65 incl.	a. 6000	7500	6.25	-2.47			
				6.36	1.20	7.56		b. 12000	15000	12.50	-4.94			
b. Premium costs per month per \$1000. of coverage on basis of age groupings as follows:														
				Term	A.D.	Total								
up to 40 incl.				\$.50	\$.08	\$.58	3.00	.60	3.60	a. \$6000	\$7500	\$4.17	- .57	
				.50	.08	.58	6.00	1.20	7.20	a. 12000	15000	8.33	-1.13	
41-50 incl.				.63	.10	.73	3.78	.75	4.53*	a. 6000	7500	5.21	- .71	
				.63	.10	.73	7.56	1.50	9.06*	b. 12000	15000	10.42	-1.42	
51-65 incl.				.75	.12	.87	4.50	.90	5.40	a. 6000	7500	6.25	- .85	
				.75	.12	.87	9.00	1.80	10.80	b. 12000	15000	12.50	-1.70	

* Omaha will cut this to 4.50 and 9.00

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(11) Total membership flexibility.

- (a) Commonly in a group life coverage plan where the employee pays the whole premium, a 75% membership requirement is placed on the total employee group (the Agency). However, WAEPA accepts now and Omaha will also do so, 75% of "the membership", i.e., the Government Employees Health Association.

This association (CIA only) now administers WAEPA and the two hospitalization and surgical plans offered our employees (GHI and Omaha).

It is suggested that if Government Employees Health Association administer the health plans (or plan) only, another association can deal with life coverage and automatic participation in the Omaha life coverage plan would be 100% every day. (To get the coverage the applicant pays a nominal initiation fee, as now, but to a new separate association.)

This scheme would have the further advantage of eliminating existing confusion wherein the employee pays for hospitalization to Government Employees Health Association and for life coverage (WAEPA) to GEHA, Inc.

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(12) In summary. Omaha provides:

- a. larger total term coverage (\$15000 vs \$12000) with real latitude of choice by the member, initially and there on. In particular the member may relate his coverage to salary if desired, but in no event does he secure less than WAEPA now offers, if he desires so to avail himself. Of great importance is the fact that a member does not have to buy (and pay for) more insurance than he really needs, as is the requirement under WAEPA.
- b. Omaha removes the important overseas service limitations of WAEPA.
- c. Omaha relates the accidental death coverage to salary and the person who doesn't want \$15000 --- need not take nor pay for it.
- d. Omaha's air-flight exclusion is importantly superior to WAEPA, i.e. the Omaha member, as a passenger, is covered in any kind of air-craft.
- e. Omaha provides premium waiver against none in the WAEPA contract.
- f. Omaha's security is superior and practically complete, both in guarantee as well as in past dealings with them.
- g. Omaha contracts for dividends based on annual experience; WAEPA does not.
- h. Omaha's attitude over the course of our six year dealings couldn't possibly be improved upon.
- i. Omaha is cheaper under a level premium or step up plan. This is most important of course for the younger man with a family. This employee earns less, his responsibilities are heaviest, and his coverage needs the greatest.
- j. The Omaha plan offers this contrast. Under WAEPA we are subject to the whims, desires and persuasions of others in their association, plus their own unilateral decisions (our membership is about 1/3 of the total.) In addition we get no benefit from our own experience and get no flexibility to suit our needs. Omaha is completely cooperative and flexible to tailoring to suit us.

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f. Recommendations.

- (1) that the Agency avoid any life insurance plan on a self-insurance basis---at this time.
- (2) that AD Personnel assume responsibility for closely following the proposed life coverage features in the Government Plan and report developments.
- (3) that the Agency accept the Omaha proposal as shown under the level-premium basis and direct that DA/A and General Counsel complete the contract.
- (4) that AD Personnel take charge of an information campaign to the employees on the Omaha Plan and also assume responsibility for the self-insurance study, if it is approved.
- (5) that the Insurance Task Force now go out of business in respect to life insurance.

STATINTL



Chairman, Insurance Task Force

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27 May 1954

Mr. Stacey K. Beebe, General Manager,
The War Agencies Employees Protective Association,
1720 Massachusetts Ave., N.W.
Washington 6, D. C.

Dear Mr. Beebe:

In a review of our WAEPA contract, I am desirous of ascertaining if your Association would be interested to make these modifications:

1. Term life coverage by class closely approximating (nearest) the member's salary, and raising the total maximum coverage to \$15,000. One way of doing this would be to have these five classes: \$3,000; \$6,000; \$9,000; \$12,000; and, \$15,000. Under such a plan, the member would move into the next class if an upward change in his salary grade made him eligible, or move into any class he chooses on the basis of a medical examination.
2. Provide for premium waiver in the event of total and permanent disability prior to age 60.
3. Payment of benefits to anyone specified by the Agency, in certain cases, with a guarantee to hold your Association "harmless".
4. Return to us as a contract holder at the end of each year as dividends the difference between our total policy premiums and the total of our incurred claims, conversion costs, contingency-reserve and modest Association retention. Return to us as a contract holder annually the contingency reserve itself, to be held in escrow against poor experience.
5. Increase the accidental death feature in respect to air flight so that the member riding as a passenger of any kind of aerial vehicle is covered.

If such modifications are possible, would the overall premium costs exceed those presently in effect:

With many thanks for consideration of this question.

Very sincerely yours,

/s/

Secretary - Treasurer
GEHA, Inc.

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FINANCIAL STATEMENT OF WAEPA

1. The last audit statement of WAEPA by Ernst and Ernst, dated 20 May 1953 shows:

a. Surplus of \$972,493.14

- b. For the year ending 20 May 1953:

Total Income	\$816,620.85
Total Expense	722,887.34
Excess of Income.	93,733.51

- c. Excess of income over expense since inception:

1944	\$ 44,536.86
1945	246,973.02
1946	274,820.41
1947	98,531.57
1948	167,368.97
1949	197,878.56
1950	147,482.51
1951	38,812.57
1952	37,439.78
1953	93,733.51

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